The Transformation of Profit into Average Profit

(1) Different Compositions of Capital in Different Branches of Production and the Resulting Variation in Rates of Profit

In the previous chapter we showed, among other things, how the *rate of profit* may undergo variation (may alter), either rising and falling, while the *rate of surplus-value stays the same*. In this chapter > the rate of surplus-value will always be assumed to be a constant, given magnitude. < We also assume that the degree of exploitation of labour, i.e., the rate of surplus-value, and the length of the working day, is *the same*, is equally long, in all the spheres of production among which social labour is divided *in a given country*. As far as the many variations in the exploitation of labour between different spheres of production are concerned, Adam Smith has already shown exhaustively how they cancel each other out through all kinds of compensations, either real or accepted by prejudice, and how they therefore do not need to be taken into account in investigating the general conditions, as they are only *apparent* and evanescent. Other distinctions, for instance in the level of wages, depend in large measure on the distinction between simple and complex labour that was mentioned already > in the introduction, < and although they make the lot of the workers in different spheres of production very unequal, they in no way affect the degree of exploitation of labour in these various spheres. Finally, although the equalisation of wages and working hours > and hence the rate of surplus-value < between different spheres of production and even between different capital investments in one and the *same sphere of production > in the same country* comes to grief on < all kinds of local obstacles, > these are nevertheless reduced by < the advance of capitalist production and the subordination of all economic relations to this mode of production. Important as the study of frictions of this kind is for any special examination of wages, they are still accidental and inessential as far as the general investigation of capitalist production is concerned, and can be > excluded < (left out of account). In a general analysis of the present kind it is assumed throughout that actual conditions correspond to their concept [*Begriff*], or, and this amounts to the same thing, that actual conditions are depicted only in so far as they express > (represent) < their own general type.

The distinctions between *rates of surplus-value* in different countries and hence between different *national levels of the exploitation of labour* are com-
pletely outside the scope of our present investigation. The object of this chapter is simply to present the way in which a general rate of profit is arrived at within one particular country. It is clear, however, that in comparing different national rates of profit one need only combine what has been developed earlier with the arguments to be developed here. One would first consider the variation between national rates of surplus-value and then compare, on the basis of these given or constant rates of surplus-value, how national rates of profit differ. In so far as their variation is not the result of differences in national rates of surplus-value, it must be due to circumstances in which, as in our presentation in this chapter, surplus-value is assumed to be constant everywhere.¹

We showed in the previous chapter that if the rate of surplus-value is taken as constant, the rate of profit yielded by a particular capital can rise or fall as a result of circumstances that increase or decrease the value of one or another portion of the constant capital, and thereby affect the ratio between the constant and variable components of the capital as a whole. We also noted that circumstances which lengthen or shorten a capital’s circulation time may affect the rate of profit in a similar way. It was also apparent, finally, that the amount of profit or the profit itself as opposed to the rate of profit, was identical with the amount of surplus-value, with surplus-value itself, and that profit as such – as opposed to the rate of profit – was therefore not affected by the fluctuations in value just mentioned. These only modified the rate in which a given surplus-value, and hence also a profit of a given magnitude was expressed, i.e., its relative magnitude, its magnitude compared with the magnitude of the capital advanced. In so far as these fluctuations in value led to the tying-up or the release of capital, both the rate of profit and profit itself could be affected by this indirect route. However, this was true only of capital already invested, not of new capital investments; and, moreover, the expansion or contraction of profit itself was always dependent on the extent to which more or less labour could be set in motion > a larger or smaller number of workers employed < as a result of these fluctuations in value, i.e., the extent to which a greater or lesser mass of surplus-value could be produced with the same capital, at the same rate of surplus-value. Far from contradicting the general law or forming an exception to it, this apparent exception was in actual fact only a special case of the general law’s application.

It was shown in the previous chapter that, given a constant degree of exploitation of labour, the rate of profit alters with changes in the value of the

¹ > ‘The remaining value or overplus will in each trade be in proportion to the value of the capital employed.’ (Ricardo 1821, p. 84.) <